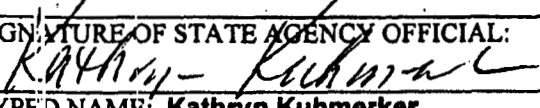
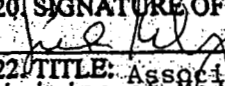


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 04-41	2. STATE New York
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447 Subpart F		7. FEDERAL BUDGET IMPACT: a. FFY: 2004-2005 (\$32.7 Million) b. FFY: 2005-2006 (\$37.0 Million)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A Supplement Page 3 Attachment 3.1-B Supplement Page 3 Attachment 4.19-B Page 4(d)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 3.1-A Supplement Page 3 Attachment 3.1-B Supplement Page 3 Attachment 4.19-B Page 4(d)	
10. SUBJECT OF AMENDMENT: Change in Reimbursement Methodology to Pharmacies - AWP			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: New York State Department of Health Corning Tower Office of Medicaid Management Empire State Plaza Albany, New York 12237	
13. TYPED NAME: Kathryn Kuhmerker			
14. TITLE: Deputy Commissioner Department of Health			
15. DATE SUBMITTED: December 20, 2004			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: March 15, 2005	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Sue Kelly		22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations	
23. REMARKS:			

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- 12a. Prior authorization or dispensing validation is required for some prescription drugs. In addition, brand-name drugs that have a FDA approved, A-rated generic equivalent must be prior authorized unless exempted by the Commissioner of Health.

Drugs for which Medical Assistance reimbursement is available are limited to the following:

1. those non-prescription drugs contained on a list established by the New York State Commissioner of Health.
2. covered outpatient drugs of any manufacturer which has entered into and complies with an agreement under Sections 1902(a) (54) and 1927 (a) of the Act which are prescribed for a medically accepted indication. (As provided by Section 1927 (d) (2) of the Act certain outpatient drugs may be excluded from coverage).

- 12b. Prior approval is required for all dentures.

- 12c. Prior approval is required for prosthetic and orthotic devices over a dollar amount established by the State Department of Health and identified for providers in the MMIS DME Provider Manual.

Prior approval is required for artificial eyes as specified in the MMIS Ophthalmic Provider Manual.

Program also includes coverage of orthotic appliances including hearing aids. All hearing aids require prior approval.

- 12d. Prior approval is required for certain special lenses and unlisted eye services as specified for providers in the MMIS Ophthalmic Provider Manual.

- 13a. Diagnostic Services (see 13.d Rehabilitative Services – Early Intervention).

- 13b. Screening Services (see 13.d Rehabilitative Services – Early Intervention).

- 13c. Preventive Services (see 13.d Rehabilitative Services – Early Intervention).

- 13d. Rehabilitative Services

(1) Directly Observed Therapy (DOT) – Clients must be assessed as medically appropriate for DOT based upon the client's risk of non-adherence to a medication regimen necessary to cure an active, infectious, potentially fatal disease process and to prevent the development and spread of an infectious, potentially fatal disease which may not respond to conventional therapies.

"Off-site" services shall be provided to developmentally disabled persons whose therapeutic requirements are most effectively satisfied in an appropriate environment that is specific to the treatment needs of the developmentally disabled individual. Such services shall be provided by persons authorized pursuant to NYCRR Title 14 Part 679. "Off-site" services shall not be provided at the location of a clinic certified by NYCRR Title 14 Part 679.

"Early Intervention" Services are provided to children who have or who are suspected of having a developmental delay or disability. These services, limited to EPSDT, which are provided by or on behalf of a county or the City of New York pursuant to an Individualized Family Services Plan (IFSP) include:

- | | | |
|-----------------------|---|---|
| 1. Screening | 6. Occupational Therapy | 11. Speech Pathology Services |
| 2. Evaluation | 7. Physical Therapy | 12. Assistive Technology Services |
| 3. Audiology | 8. Psychological Services | 13. Vision Services |
| 4. Nursing | 9. Social Work Services | 14. Collateral contacts for all of the above services |
| 5. Nutrition Services | 10. Anticipatory Guidance
(Special Instruction and Allied
Health Professional Assistance) | |

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Supersedes TN 03-37 Effective Date OCT 1 2004

- .10. Prior approval is required for all dental care except preventive prophylactic and other routine dental care services and supplies.
- 12a. Prior authorization or dispensing validation is required for some prescription drugs. In addition, brand-name drugs that have a FDA approved, A-rated generic equivalent must be prior authorized unless exempted by the Commissioner of Health.

Drugs for which Medical Assistance reimbursement is available are limited to the following:

1. those non-prescription drugs contained on a list established by the New York State Commissioner of Health.
 2. covered outpatient drugs of any manufacturer which has entered into and complies with an agreement under Sections 1902(a) (54) and 1927 (a) of the Act which are prescribed for a medically accepted indication. (As provided by Section 1927 (d) (2) of the Act certain outpatient drugs may be excluded from coverage).
- 12b. Prior approval is required for all dentures.
- 12c. Prior approval is required for prosthetic and orthotic devices over a dollar amount established by the State Department of Health and identified for providers in the MMIS DME Provider Manual.
- Prior approval is required for artificial eyes as specified in the MMIS Ophthalmic Provider Manual.
- Program also includes coverage of orthotic appliances including hearing aids. All hearing aids require prior approval.
- 12d. Prior approval is required for certain special lenses and unlisted eye services as specified for providers in the MMIS Ophthalmic Provider Manual.
- 13a. Diagnostic Services (see 13.d Rehabilitative Services – Early Intervention).
- 13b. Screening Services (see 13.d Rehabilitative Services – Early Intervention).
- 13c. Preventive Services (see 13.d Rehabilitative Services – Early Intervention).
- 13d. Rehabilitative Services

(1) Directly Observed Therapy (DOT) – Clients must be assessed as medically appropriate for DOT based upon the client's risk of non-adherence to a medication regimen necessary to cure an active, infectious, potentially fatal disease process and to prevent the development and spread of an infectious, potentially fatal disease which may not respond to conventional therapies.

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MAR 15 2005

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Supersedes TN **03-37** Effective Date **OCT 1 2004**

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New York

Attachment 4.19-B
Page 4(d)Type of ServiceMethod of Reimbursement

Prescribed Drugs

Reimbursement is the lowest of 1) the billing pharmacy's usual and customary price charged to the general public. 2) the upper limit if established by the Federal Government for specific multiple source drugs, plus a dispensing fee, or 3) the Estimated Acquisition Cost (EAC) established by State Department of Health, plus dispensing fee. [EAC is average wholesale price less twelve percent] For sole or multi-source brand name drugs, the EAC is defined as average wholesale price (AWP) less twelve and seventy-five hundredths percent. For multi-source generic drugs, the EAC is defined as AWP less sixteen and one-half percent. The dispensing fee for generic prescription drugs will be \$4.50 per prescription and for brand name prescription drugs will be \$3.50. The State Department of Health's prescription drug pricing service will determine whether a prescription drug is generic or brand name.

Compound Drugs: Reimbursement is determined by the State Department of Health at the cost of ingredients plus a dispensing fee of \$3.50 with an additional amount of \$0.75 as the compounding fee.

Exception: Physician Override: Reimbursement for those brand name drugs for which there are generic equivalent drugs for which reimbursement is not to exceed the aggregate of the specified upper limit for the particular drug established by the Centers for Medicare and Medicaid Services, plus a dispensing fee, will be paid at the lower of the estimated acquisition cost, plus a dispensing fee, or at the provider's usual and customary price charged to the general public when the prescriber has obtained a prior authorization for the brand-name drug, indicated that the brand name drug is required by placing "dow" (dispense as written) in the box located on prescription form and by writing "brand necessary" or "brand medically necessary" in his/her own handwriting on the face of the prescription.

Indian Health Clinics and tribal clinics which have licensed pharmacies, may submit fee-for-service claims for pharmacy services provided to Native Americans and will be reimbursed at the net acquisition cost for those drugs purchased through the Federal Supply Schedule or at an amount determined by the reimbursement methodology indicated above for all other purchased drugs.

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Derivation of Fiscal Impact

The estimated acquisition costs (EAC) to pharmacies will be the average wholesale price less than twelve and seventy-five hundredths (12.75) percent (AWP-12.75%) for sole or multi-source brand name drugs and AWP minus sixteen and one-half (16.5) percent (AWP-16.5%) for multi-source generic drugs. The fiscal analysis and projected savings were determined based on information from the Office of Medicaid Management's Datamart, and a review of expenditure trends for this category.